



## Appendix 4D

### Half year report Period ended 31 December 2019

### VDM Group Limited

ABN 95 109 829 334  
ASX Code: VMG

**The information contained in this report relates to the following periods:**

Current period: half year ended 31 December 2019

Corresponding period: half year ended 31 December 2018

<b>Results for the current period (\$000)</b>		<b>Change from the corresponding period</b>	
Revenue from continuing operations	29	Down	79.7%
Loss from continuing operations after tax attributable to members	(857)	Up	43.8%
Net loss for the period attributable to members	(857)	Down	43.8%

**Net tangible assets:**

	<b>Current period</b>	<b>Corresponding period</b>
Net tangible liabilities per ordinary security at end of period (cents per share)	(0.15)	(0.11)

**Dividend payments:**

VDM Group does not propose to pay an interim dividend for the current period.

**Supplementary Comments**

Additional Appendix 4D disclosures are contained in the attached directors' report and consolidated financial statements for the period ended 31 December 2019, which include an independent Auditor's Review Report from Hall Chadwick.



# **VDM GROUP LIMITED**

**and its Controlled Entities**

**ABN 95 109 829 334**

**INTERIM FINANCIAL REPORT  
HALF YEAR ENDED 31 DECEMBER 2019**

# VDM GROUP LIMITED

## CORPORATE INFORMATION

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### DIRECTORS

Mr Luk Hiuming  
Dr Hua Dongyi  
Mr Michael Fry

Non-executive Chairman  
Executive Director of Mining  
Non-executive Director

### COMPANY SECRETARY

Mr Michael Fry

### REGISTERED AND PRINCIPAL OFFICE

Suite 2, Level 2, 123 Adelaide Terrace  
East Perth WA 6004  
Telephone (08) 9265 1100  
Website <http://www.vdmgroup.com.au>

### POSTAL ADDRESS

PO Box 3347  
East Perth WA 6892

### AUDITORS

Hall Chadwick Audit (WA) Pty Ltd  
283 Rokeby Road  
Subiaco WA 6008

### SHARE REGISTER

Computershare Investor Services Pty Limited  
GPO Box 2975  
Melbourne, VIC 3001  
Telephone 1300 850 505  
(outside Australia) +61 3 9415 4000

VDM Group Limited shares are listed on the Australian Securities Exchange (ASX)

<b>ASX Code</b>	VMG
<b>ACN</b>	109 829 334
<b>ABN</b>	95 109 829 334

In this report, the following definitions apply:

“**Board**” means the Board of Directors of VDM Group Limited

“**Company**” means VDM Group Limited ABN 95 109 829 334

“**VDM**” or “**Group**” means VDM Group Limited and its controlled entities

**VDM GROUP LIMITED**  
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# VDM GROUP LIMITED

## DIRECTORS' REPORT

### FOR THE HALF YEAR ENDED 31 DECEMBER 2019

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Your directors submit their report of VDM Group Limited ("the Company") and of the Consolidated Entity, being the Company and its controlled entities ("VDM" or "the Group") for the half year ended 31 December 2019.

#### 1. BOARD COMPOSITION

The names and details of the directors of VDM Group Limited in office during the half year and until the date of this report are set out below. Each director was in office for this entire period unless stated otherwise.

##### **Mr Luk Hiuming**

*Non-executive Chairman*

Appointed Non-Executive Director on 21 March 2014, appointed Non-Executive Chairman on 29 January 2015

Member of the Audit & Risk Committee

##### **Dr Hua Dongyi**

*Executive Director of Mining*

Appointed Director on 28 August 2013, appointed Managing Director on 9 September 2013, appointed Executive Chairman and Interim CEO on 29 November 2013, appointed Managing Director and CEO on 29 January 2015, appointed Executive Director of Mining on 1 March 2016.

Member of the Audit & Risk Committee

##### **Mr Michael Fry**

*Non-executive Director (independent)*

Appointed 3 June 2011

Chairman of the Audit & Risk Committee

#### **COMPANY SECRETARY:**

##### **Mr Michael Fry**

Appointed 9 February 2018

#### 2. NATURE AND PRINCIPAL ACTIVITIES

VDM is comprised of 3 operating divisions:

*VDM Mining:* mining exploration, development and operation in Africa and Latin America.

*VDM Construction:* engineering, procurement and construction.

*VDM Trading:* procurement and trading of raw materials and commodities.

Business activities during the period principally related to:

- exploration activity at the Cachoeiras do Binga copper project located in the Republic of Angola (**Cachoeiras do Binga**) supported by VDM's project partners and the Government of Angola;
- due diligence, negotiation and acquisition of a 55.25% interest in the Cage Bengo Project located in the Republic of Angola (**Cage Bengo**) supported by VDM's project partners and the Government of Angola; and
- investigation of other project opportunities connected with VDM's Mining, Construction and Trading divisions.

The business activities of the comparative period principally related to: 1) exploration activities at Cachoeiras do Binga; and 2) investigation of other project opportunities connected with VDM's Mining, Construction and Trading divisions.

#### 3. OPERATING AND FINANCIAL REVIEW

During the half year to 31 December 2019, the Company conducted and completed its Phase 2 Drilling Program at its Cachoeiras do Binga Copper Project (65% owned by VDM) in Angola.

# VDM GROUP LIMITED

## DIRECTORS' REPORT

### FOR THE HALF YEAR ENDED 31 DECEMBER 2019

The Phase Two Drilling Program commenced on 6 May 2019 and was completed in late November 2019 with a total of ninety-three (93) diamond core holes having been drilled for a cumulative total of 5,690.70 metres. 779 samples were prepared for assay and despatched. As at the date of this report the assay results remain pending.

In total, combining Phases 1 and 2, the Company has now completed a total of one hundred and thirty-four (134) holes for 9,594 metres, as follows:

Year	Area	Hole	Metres
2018	1	1	36.20
	2	2	150.40
	3	17	1,213.90
	4	12	1,145.20
	5	9	1,357.50
	<b>Sub Total</b>	<b>41</b>	<b>3,903.30</b>
2019	1		
	2		
	3	49	2,888.70
	4	33	1,818.80
	5	11	983.30
	<b>Sub Total</b>	<b>93</b>	<b>5,690.70</b>
Total	1	1	36.20
	2	2	150.40
	3	66	4,102.60
	4	45	2,964.00
	5	20	2,340.80
	<b>Grand Total</b>	<b>134</b>	<b>9,594.10</b>

The drilling work was undertaken by specialist contractor, Shandong of China, and is being overseen by principal geologists from technical services contractor SRK Consulting.

The Company's objective is to undertake a three-phase program to delineate a JORC resource prior to undertaking any Feasibility Study.



**Image 1: Drilling rig in operation at CdB**



**Image 2: Signing ceremony prior to drilling commencing**

In August 2019, the Company executed a Mining Investment Contract providing exclusive rights to explore for gold and other minerals at the Cage Bengo Project located in the Republic of Angola.

The execution of the Mining Investment Contract for the Cage Bengo Project represented the completion of due diligence activities and a lengthy negotiation.

By entering into the Mining Investment Contract, VDM acquired a 55.25% ownership interest. On 20 August 2019, VDM issued to Seabank Resources Ltd 650 million fully paid shares in relation to the acquisition of its ownership interest.

Exploration plans are being prepared for works at the Cage Bengo Project to be conducted in mid-2020 once the raining season is over, and access to the Project area is possible.

# **VDM GROUP LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE HALF YEAR ENDED 31 DECEMBER 2019**

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The Construction division took on no new work during the half-year with efforts focussed on closing out previous contracts and claims, and review of new opportunities.

The Trading division remained inactive whilst the Company searches for a partner to scale the trading business to market-competitive levels.

Revenue from continuing operations of \$29,000 (2018: \$143,000) is 79.7% lower than the comparative period mainly due to decreased Construction division revenue from structural steel sales.

Total expenses from continuing operations of \$886,000 (2018: \$739,000) reflect an increase of 19.9% from the comparative period.

Cash decreased by \$1,699,000 in the half year with negative cash flow from operating activities of \$1,037,000.

#### **4. SIGNIFICANT EVENTS AFTER THE BALANCE DATE**

No matters or circumstances have arisen since the end of the half-year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

#### **5. AUDITOR'S INDEPENDENCE DECLARATION**

The auditor's independence declaration is set out on page 7 and forms part of the Directors' Report for the half year ended 31 December 2019.

#### **Rounding**

The amounts contained in this report and in the financial report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the Company under ASIC Instrument 2016/191. The Company is an entity to which the Instrument applies.

Signed in accordance with a resolution of the directors.



**Dr Hua Dongyi**  
Executive Director of Mining  
Perth, Western Australia  
28 February 2020

## AUDITOR'S INDEPENDENCE DECLARATION VDM GROUP LIMITED

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of VDM Group Limited.

As lead audit partner for the review of the financial report of VDM Group Limited for the half-year ended 31 December 2019, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- any applicable code of professional conduct in relation to the review.



Hall Chadwick Audit (WA) Pty Ltd  
ABN 42 163 529 682



Nikki Shen  
Director

Dated 28 February 2020

**VDM GROUP LIMITED**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2019**

		31 Dec 2019	31 Dec 2018
	Notes	\$000	\$000
<b>Continuing operations</b>			
<b>Revenue</b>	3	<b>29</b>	<b>143</b>
<b>Expenses</b>			
Materials and inventory		-	71
Employee benefits expense	4a	(353)	(359)
Occupancy related expenses		(22)	(15)
Depreciation and amortisation	4b	(7)	(7)
Legal expenses		(16)	(53)
Finance costs	4c	(273)	(269)
Other expenses	4d	(216)	(107)
<b>Total expenses</b>		<b>(886)</b>	<b>(739)</b>
Profit on sale of assets		-	-
<b>Other income and expenses</b>		<b>-</b>	<b>-</b>
<b>Loss from continuing operations before income tax</b>		<b>(857)</b>	<b>(596)</b>
Income tax expense	5	-	-
<b>Loss from continuing operations after income tax</b>		<b>(857)</b>	<b>(596)</b>
<b>Discontinued operations</b>			
<b>Loss for the period</b>		<b>(857)</b>	<b>(596)</b>
Other comprehensive income		-	-
<b>Total comprehensive loss for the period</b>		<b>(857)</b>	<b>(596)</b>
Total comprehensive loss for the period is attributed to:			
Owners of the parent		<b>(857)</b>	<b>(596)</b>
		<b>(857)</b>	<b>(596)</b>
<b>Loss per share</b>			
Basic loss per share (cents per share)		<b>(0.01)</b>	(0.01)
Diluted loss per share (cents per share)		<b>(0.01)</b>	(0.01)
<b>Loss per share from continuing operations</b>			
Basic loss per share (cents per share)		<b>(0.01)</b>	(0.01)
Diluted loss per share (cents per share)		<b>(0.01)</b>	(0.01)

**VDM GROUP LIMITED**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2019**

		31 Dec 2019	30 Jun 2019
	Notes	\$000	\$000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	3,536	5,235
Security deposits	7	39	38
Trade and other receivables		30	35
Other assets	8	724	-
<b>Total current assets</b>		<b>4,329</b>	<b>5,308</b>
<b>Non-current assets</b>			
Exploration and evaluation assets	9	12,912	11,757
Development properties	10	996	996
Property, plant and equipment	11	20	23
Investment property	12	591	595
<b>Total non-current assets</b>		<b>14,519</b>	<b>13,371</b>
<b>Total assets</b>		<b>18,848</b>	<b>18,679</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	13	5,690	5,289
Interest-bearing loans and borrowings	14	9,738	9,461
Provisions	15	545	856
<b>Total current liabilities</b>		<b>15,973</b>	<b>15,606</b>
<b>Non-current liabilities</b>			
Provisions	15	29	20
<b>Total non-current liabilities</b>		<b>29</b>	<b>20</b>
<b>Total liabilities</b>		<b>16,002</b>	<b>15,626</b>
<b>Net assets/(liabilities)</b>		<b>2,846</b>	<b>3,053</b>
<b>Equity</b>			
Contributed equity	16	297,360	296,710
Share options reserve		35	35
Equity reserve		457	457
Accumulated losses		(295,006)	(294,149)
<b>Total equity</b>		<b>2,846</b>	<b>3,053</b>

**VDM GROUP LIMITED**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2019**

	Notes	31 Dec 2019 \$000	31 Dec 2018 \$000
<b>Cash flows from operating activities</b>			
Receipts from customers		-	335
Payments to suppliers and employees		(1,154)	(1,070)
Interest received		25	39
GST refunded		92	31
<b>Net cash flows used in operating activities</b>		<b>(1,037)</b>	<b>(665)</b>
<b>Cash flows from investing activities</b>			
Payments for exploration and evaluation		(662)	(318)
Release from security deposit		-	-
Proceeds from sale of property, plant and equipment		-	-
<b>Net cash flows (used in)/from investing activities</b>		<b>(662)</b>	<b>(318)</b>
<b>Cash flows from financing activities</b>			
Repayment of borrowings		-	(1,102)
Proceeds from issue of shares		-	4,000
<b>Net cash flows from financing activities</b>		<b>-</b>	<b>2,898</b>
Net increase/(decrease) in cash and cash equivalents		(1,699)	1,915
Cash and cash equivalents at beginning of period		5,235	3,954
<b>Cash and cash equivalents at end of period</b>	6	<b>3,536</b>	<b>5,869</b>

**VDM GROUP LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2019**

	<b>Issued Capital Ordinary \$000</b>	<b>Accumulated Losses \$000</b>	<b>Equity Reserve \$000</b>	<b>Share Options Reserve \$000</b>	<b>Total \$000</b>
<b>Balance at 1 July 2019</b>	<b>296,710</b>	<b>(294,149)</b>	<b>457</b>	<b>35</b>	<b>3,053</b>
Comprehensive loss for the period	-	(857)	-	-	(857)
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>(857)</b>	<b>-</b>	<b>-</b>	<b>(857)</b>
<b>Transactions with owners in their capacity as owners</b>					
Share Issue	650	-	-	-	<b>650</b>
<b>Balance at 31 December 2019</b>	<b>297,360</b>	<b>(295,006)</b>	<b>457</b>	<b>35</b>	<b>2,846</b>
<b>Balance at 1 July 2018</b>	<b>292,710</b>	<b>(292,245)</b>	<b>457</b>	<b>-</b>	<b>922</b>
Comprehensive loss for the period	-	(596)	-	-	(596)
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>(596)</b>	<b>-</b>	<b>-</b>	<b>(596)</b>
<b>Transactions with owners in their capacity as owners</b>					
Share Issue	4,000	-	-	-	<b>4,000</b>
<b>Balance at 31 December 2018</b>	<b>296,710</b>	<b>(292,841)</b>	<b>457</b>	<b>-</b>	<b>4,326</b>

**VDM GROUP LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2019**

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# VDM GROUP LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE HALF YEAR ENDED 31 DECEMBER 2019

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#### 1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

##### (a) Corporate information

The interim consolidated financial statements of VDM Group Limited (the "Company") and its controlled entities ("VDM" or the "Group") for the half year ended 31 December 2019 were authorised for issue in accordance with a resolution of the directors on 27 February 2020.

VDM Group Limited is a for-profit entity limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange ("ASX").

Business activities during the period principally related to:

- exploration activity at the Cachoeiras do Binga copper project located in the Republic of Angola supported by VDM's project partners and the Government of Angola;
- due diligence, negotiation and acquisition of a 55.25% interest in the Cage Bengo Project located in the Republic of Angola (**Cage Bengo**) supported by VDM's project partners and the Government of Angola; and
- investigation of other project opportunities connected with VDM's Mining, Construction and Trading divisions.

The business activities of the comparative period principally related to: 1) exploration activities at Cachoeiras do Binga; and 2) investigation of other project opportunities connected with VDM's Mining, Construction and Trading divisions.

##### (b) Basis of preparation

The interim consolidated financial statements for the half year ended 31 December 2019, represent a general purpose financial report prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001.

The interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual consolidated financial statements as at 30 June 2019 and any public announcements made by VDM during the interim reporting period in accordance with the continuous disclosure requirements of the ASX listing rules.

##### (c) New and amended accounting standards and interpretations

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2019.

The Group has adopted all Australian Accounting Standards and Interpretations effective from 1 July 2019. The adoption of new and amended standards and interpretations had no impact on the financial position or performance of the Group.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

# VDM GROUP LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE HALF YEAR ENDED 31 DECEMBER 2019

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#### **(d) Going Concern**

VDM incurred a net loss after tax from continuing operations for the half year ended 31 December 2019 of \$857,000 (2018: \$596,000). Net cash flows used in operating activities were \$1,037,000 (2018: \$665,000). At 31 December 2019, VDM had net current liabilities of \$11,644,000 (30 June 2019: \$10,298,000). The cash balance of VDM at 31 December 2019 was \$3,536,000 (30 June 2019: \$5,235,000) with a further \$39,000 of security deposits (30 June 2019: \$38,000).

This report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

VDM will require further capital funding:

- to progress its business strategy including the Cachoeiras do Binga and Cage Bengo exploration programs;
- to pursue other business growth opportunities;
- to settle shareholder loans; and
- for general working capital including payment of trade and other payables, and provisions that become due.

In forming this view, the directors have taken into consideration that the Group expects:

- to undertake future successful capital raisings sufficient to meet the above noted funding requirements;
- VDM's largest shareholder, Australia Kengkong Investments Co Pty Ltd, will not demand repayment of amounts due under the Framework Loan Agreement until VDM completes sufficient capital raisings; and
- VDM's Cachoeiras do Binga joint venture partner Seabank Resources LDA not demanding repayment of outstanding amounts until the Group completes a significant capital raising or when the group's financial status has a significant improvement.

Should VDM not achieve the matters set out above, there is material uncertainty as to whether VDM will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The financial report does not include any adjustment relating to the recoverability or classification of recorded asset amounts or to the amounts or classifications of liabilities that may be necessary should VDM not be able to continue as a going concern.

#### **(e) Significant Accounting Judgements, Estimates and Assumptions**

Preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

Management has not identified any critical accounting policies for which judgement, estimates and assumptions are made, which are in addition to the significant judgements, estimates and assumptions identified in the preparation of the Group's half year consolidated financial statements for the period ended 31 December 2019.

**VDM GROUP LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2019**

**2. SEGMENT INFORMATION**

VDM is arranged under three operating divisions: i) construction, ii) trading and iii) mining. Refer to the "Review and Results of Operations" in the Directors' Report for an overview of the three operating divisions. The accounting policies adopted for the reported segments are consistent with those followed in the preparation of the Group's financial statements for the year ended 30 June 2019.

The following table presents the revenue, profit and selected balance sheet information for the Group's reportable segments for the half year ended 31 December 2019.

	Construction \$000	Trading \$000	Mining \$000	Unallocated \$000	Total \$000
<b>Revenue</b>					
External revenue	-	-	-	29	29
<b>Total segment revenue</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>29</b>	<b>29</b>
<b>Results</b>					
<b>Segment results before tax</b>	<b>(91)</b>	<b>-</b>	<b>(141)</b>	<b>(625)</b>	<b>(857)</b>
Finance costs	-	-	-	273	273
Depreciation & amortisation	-	-	-	7	7
<b>Reconciliation of segment results before tax to net loss after tax</b>					
Segment results before tax					(857)
<b>Net loss after tax from continuing operations per the statement of comprehensive income</b>					<b>(857)</b>
<b>Total assets</b>	<b>60</b>	<b>-</b>	<b>13,562</b>	<b>5,226</b>	<b>18,848</b>
<b>Total liabilities</b>	<b>219</b>	<b>-</b>	<b>5,357</b>	<b>10,426</b>	<b>16,002</b>
<b>Other disclosures</b>					
Exploration and evaluation asset additions	-	-	1,155	-	1,155

**VDM GROUP LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2019**

The following table presents the revenue, profit, and selected expenditure information for the half year ended 31 December 2018 and selected balance sheet information as at 30 June 2019 for the Group's reportable segments.

	Construction \$000	Trading \$000	Mining \$000	Unallocated \$000	Total \$000
<b>Revenue</b>					
External revenue	99	-	-	44	143
<b>Total segment revenue</b>	<b>99</b>	<b>-</b>	<b>-</b>	<b>44</b>	<b>143</b>
<b>Results</b>					
<b>Segment results before tax</b>	<b>369</b>	<b>-</b>	<b>(163)</b>	<b>(802)</b>	<b>(596)</b>
Finance Costs	-	-	-	269	269
Depreciation & amortisation	-	-	-	7	7
Impairment					
<b>Reconciliation of segment results before tax to net loss after tax</b>					(596)
Segment results before tax					<b>(596)</b>
<b>Net loss after tax from continuing operations per the statement of comprehensive income</b>	<b>99</b>	<b>-</b>	<b>-</b>	<b>44</b>	<b>143</b>
<b>Total assets</b>	<b>311</b>	<b>-</b>	<b>11,757</b>	<b>6,611</b>	<b>18,679</b>
<b>Total liabilities</b>	<b>528</b>	<b>-</b>	<b>4,679</b>	<b>10,419</b>	<b>15,626</b>
<b>Other disclosures</b>					
Exploration and evaluation asset additions	-	-	583	-	583

**VDM GROUP LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2019**

	31 Dec 2019	31 Dec 2018
	\$000	\$000
<b>3. REVENUE</b>		
<b>Sales revenue</b>		
Revenue from operating activities	-	98
<b>Total sales revenue</b>	<b>-</b>	<b>98</b>
<b>Other revenue</b>		
Interest	25	40
Net rental income	4	5
Other	-	-
<b>Total other revenue</b>	<b>29</b>	<b>45</b>
<b>Total revenue</b>	<b>29</b>	<b>143</b>
<b>4. EXPENSES</b>		
<b>a) Employee benefits expense</b>		
Wages and salaries	326	326
Superannuation expense	27	28
Other employee benefits expense	-	5
<b>Total employee benefits expense</b>	<b>353</b>	<b>359</b>
<b>b) Depreciation and amortisation</b>		
Depreciation	7	7
<b>Total depreciation and amortisation</b>	<b>7</b>	<b>7</b>
<b>c) Finance costs</b>		
Bank fees and other finance charges	1	1
Interest	272	268
<b>Total finance costs</b>	<b>273</b>	<b>269</b>
<b>d) Other expenses</b>		
Insurances	72	73
Telecommunications	6	6
Computer costs	17	19
Bad debts provision	-	(195)
Foreign exchange losses/(gains)	4	194
Other	117	10
<b>Total other expenses</b>	<b>216</b>	<b>107</b>

**VDM GROUP LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2019**

	31 Dec 2019 \$000	31 Dec 2018 \$000
<b>5. INCOME TAX</b>		
<b>a) Numerical reconciliation between aggregate tax expense recognised in the income statement and the tax expense calculated in the statutory income tax return</b>		
Accounting loss before tax	(857)	(596)
<b>Total accounting loss before tax</b>	<b>(857)</b>	<b>(596)</b>
Prima facie income tax expense @ 27.5%	(236)	(164)
Prior year tax over provision	-	-
Tax adjustment for non-deductible expenses	-	-
Temporary differences and unrecognised tax losses	236	164
<b>Aggregate income tax expense</b>	<b>-</b>	<b>-</b>

**b) Tax losses**

VDM Group has recognised a deferred tax asset of nil (30 June 2018: nil) for Australian income tax purposes on the basis that it is not 'probable' that the carried forward revenue loss will be utilised against future assessable taxable profits.

	31 Dec 2019 \$000	30 Jun 2019 \$000
<b>6. CASH AND CASH EQUIVALENTS</b>		
Cash at bank and in hand	3,536	5,235
<b>Cash and cash equivalents</b>	<b>3,536</b>	<b>5,235</b>

**7. SECURITY DEPOSITS**

	31 Dec 2019 \$000	30 Jun 2019 \$000
<b>Security Deposits</b>	<b>39</b>	<b>38</b>
Current	39	38
Non-current	-	-
<b>Total security deposits</b>	<b>39</b>	<b>38</b>

Security deposits are recorded at cost and will be returned to the Group upon the satisfaction of contract and associated retention periods. No provision has been recorded against these amounts for contract claims.

**VDM GROUP LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2019**

	31 Dec 2019	30 Jun 2019
	\$000	\$000
<b>8. OTHER CURRENT ASSETS</b>		
Cage Bengo Project	650	-
Prepayments	74	-
<b>Other current assets</b>	<b>724</b>	<b>-</b>

*Cage Bengo Project*

Pursuant to an agreement with its joint venture partners VDM entered into a Mining Investment Contract providing exclusive rights to explore for gold and other minerals in the Republic of Angola. On 20 August 2019 VDM issued 650,000,000 shares to Seabank Resources Ltd with a share value of \$0.001 (0.1 cents) per share to acquire its 55.25% ownership interest.

As at the date of this report the Cage Bengo Project concession has yet to be transferred to the Joint Venture and as a consequence, the acquisition is not yet complete and as such any costs incurred by the Company have been recognised as a prepayment. Upon the Cage Bengo Acquisition being formerly recognised under the ownership of the new joint venture the costs will be transferred to exploration and evaluation expenditure.

**9. EXPLORATION AND EVALUATION ASSETS**

<i>Cachoeiras do Binga Project</i>		
<b>Balance at beginning of period</b>	11,757	11,174
Additions	1,155	583
<b>Balance as at end of period</b>	<b>12,912</b>	<b>11,757</b>

**10. DEVELOPMENT PROPERTIES**

Development properties	996	996
<b>Total development properties</b>	<b>996</b>	<b>996</b>
<b>Reconciliation of carrying amounts</b>		
Balance at beginning of period	996	1,250
Additions	-	-
Disposals	-	-
Impairment of development properties	-	(254)
<b>Balance at end of period</b>	<b>996</b>	<b>996</b>

Management performed a net realisable assessment which resulted in recognition of a \$nil impairment to development properties (30 June 2019: \$254,000).

**VDM GROUP LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2019**

	31 Dec 2019	30 Jun 2019
	\$000	\$000
<b>11. PROPERTY, PLANT AND EQUIPMENT</b>		
Leasehold improvements at cost	14	14
Accumulated depreciation	(8)	(7)
<b>Total leasehold improvements</b>	<b>6</b>	<b>7</b>
Plant & equipment at cost	68	68
Accumulated depreciation	(54)	(52)
<b>Total plant &amp; equipment</b>	<b>14</b>	<b>16</b>
<b>Total property, plant and equipment</b>	<b>20</b>	<b>23</b>
<b>12. INVESTMENT PROPERTIES</b>		
Investment properties	591	595
<b>Total investment properties</b>	<b>591</b>	<b>595</b>
<b>13. TRADE AND OTHER PAYABLES</b>		
Trade payables and accruals	935	606
Employee related payables	5	4
Other payables	4,750	4,679
<b>Total trade and other payables</b>	<b>5,691</b>	<b>5,289</b>
<b>14. INTEREST-BEARING LOANS AND OTHER BORROWINGS</b>		
Shareholder loan (AUD denominated)	4,883	4,747
Shareholder loan (USD denominated)	4,855	4,714
<b>Total interest bearing loans and other borrowings</b>	<b>9,738</b>	<b>9,461</b>
<b>15. PROVISIONS</b>		
<b>Current</b>		
Employee entitlements	108	112
Construction warranties	39	340
Other construction contract obligations	153	153
Other provisions	245	251
<b>Total current provisions</b>	<b>545</b>	<b>856</b>
<b>Non-Current</b>		
Employee entitlements	29	20
<b>Total non-current provisions</b>	<b>29</b>	<b>20</b>
<b>Total provisions</b>	<b>574</b>	<b>876</b>

**VDM GROUP LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2019**

	31 Dec 2019	30 Jun 2019
	\$000	\$000
<b>16. CONTRIBUTED EQUITY</b>		
<b>a) Ordinary shares</b>		
Issued and fully paid	297,360	296,710
	<b>Number of Shares</b>	<b>\$000</b>
<b>Balance at 1 July 2018</b>	<b>5,877,660,952</b>	<b>292,710</b>
Share Issues	400,000,000	4,000
<b>Balance at 1 July 2019</b>	<b>6,277,660,952</b>	<b>296,710</b>
Share Issues <sup>(1)</sup>	650,000,000	650
Capital raising costs	-	-
<b>Balance at 31 December 2019</b>	<b>6,927,660,952</b>	<b>297,360</b>

(1) Pursuant to an agreement with its joint venture partners VDM entered into a Mining Investment Contract providing exclusive rights to explore for gold and other minerals in the Republic of Angola. On 20 August 2019 VDM issued 650,000,000 shares to Seabank Resources Ltd with a share value of \$0.001 (0.1 cents) per share to acquire its 55.25% ownership interest.

**17. RELATED PARTY DISCLOSURES**

**Transactions with key management personnel**

*Luk Hiuming*

As at 31 December 2019, VDM owed \$33,000 to Mr Luk related to directors fees that have not been paid on his instruction (30 June 2019: \$65,000). No interest accrues and the outstanding amount is due when demanded by Mr Luk. The amount due to Mr Luk is included in trade and other payables (note 11).

*Kengkong*

On 27 January 2016, VDM entered into a Framework Loan Agreement ("FLA") with its largest shareholder, Australia Kengkong Investments Co Pty Ltd ("Kengkong"). VDM's Non-executive Chairman Mr Luk controls Kengkong. The FLA contemplates the parties entering into a secured one-year 6% loan facility that will incorporate the FLA liabilities. Until that occurs, the FLA advances plus interest accrued at 6% per annum are immediately repayable in the denominated currency when demanded by Kengkong. There were no drawings under the FLA during the reporting period. The amounts due under the FLA are included in interest-bearing loans and other borrowings (note 12).

*H&H*

As at 31 December 2019, VDM owed H&H Holdings Australia Pty Ltd ("H&H") \$75,000 of underwriting commissions for the Company's December 2013 Rights Issue (30 June 2019: \$75,000) No interest accrues and the outstanding amount is due when demanded by H&H. Dr Hua, VDM's Executive Director of Mining controls H&H. The amount due to H&H is included in trade and other payables (note 11).

**18. COMMITMENTS AND CONTINGENCIES**

Changes to commitments and contingencies previously disclosed in the Group's annual consolidated financial statements for the year ended 30 June 2019, are specified below.

**Bank guarantees**

As at 31 December 2019, VDM had \$19,000 of bank guarantees on issue as security for leased commercial property (30 June 2019: \$18,000).

**VDM GROUP LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2019**

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**19. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE**

No matters or circumstances have arisen since the end of the half-year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

**20. FAIR VALUE**

At 31 December 2019 there are no financial assets or financial liabilities which are accounted for at fair value. Carrying amounts approximate the fair value of financial assets and financial liabilities presented in the Consolidated Statement of Financial Position.

**VDM GROUP LIMITED  
DIRECTORS' DECLARATION  
FOR THE HALF YEAR ENDED 31 DECEMBER 2019**

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In accordance with a resolution of the directors of VDM Group Limited, I state that:

In the opinion of the directors:

- (a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2019, and of its performance for the half year ended on that date; and
  - (ii) complying with Australian Accounting Standard 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- (b) Subject to the satisfactory achievement of the matters described in note 1(d), there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

On behalf of the Board



**Dr Hua Dongyi**  
Executive Director of Mining  
Perth, Western Australia  
28 February 2020

## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF VDM GROUP LIMITED

### Report on the half-year Financial Report

#### Conclusion

We have reviewed the accompanying half-year financial report of VDM Group Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the Corporations Act 2001, including:

- a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2019 and of its consolidated financial performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

#### Emphasis of matter – Material uncertainty related to going concern

We draw attention to Note 1(d) in the half-year financial report which describes the principal conditions that raised doubt about the Group's ability to continue as a going concern. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

#### Directors' responsibility for the half-year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

#### Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2019 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.



Hall Chadwick Audit (WA) Pty Ltd  
ABN 42 163 529 682



Nikki Shen  
Director

Dated 28 February 2020